

TRUMAN ACCUSES STANDARD OIL OF RUBBER 'TREASON'

**Says Firm Helped Nazis
with U. S. in War.**

BY CHESLY MANLY.

[Chicago Tribune Press Service.]

Washington, D. C., March 25.—Sen. Harry S. Truman [D., Mo.], chairman of a special senate committee investigating the war production program, today accused the Standard Oil company [New Jersey] of "treasonable" relations with Germany before and after the United States entered the war.

Sen. Truman's charge was based upon evidence received by the committee today regarding an international cartel [monopoly] agreement between Standard Oil and the I. G. Farbenindustrie, German chemical and dye trust. The evidence revealed that altho the Hitler government refused to permit disclosure of the German synthetic rubber process to the United States, Standard Oil turned over to the Germans a synthetic rubber process of its own development, while withholding it from American rubber companies and even the United States navy.

Good for Tires, Tubes.

The evidence indicated that the Standard process is cheaper and better than natural rubber, especially for inner tubes and tires.

The evidence further disclosed that representatives of Standard Oil and the German chemical trust undertook to continue operation of the cartel agreement thruout the war, "whether or not the United States came in."

The evidence was submitted by Assistant Attorney General Thurman Arnold, head of the justice department's anti-trust division, who entered into a consent decree with the Standard Oil company and its subsidiaries yesterday. Under this decree, Standard is compelled to issue royalty-free licenses under the synthetic rubber patents involved in the cartel agreement to American rubber companies and others who may want them. The defendants also pleaded nolo contendere to the government's complaint and were fined \$5,000 each.

Arnold Denies 'Treason.'

The government's evidence in the anti-trust conspiracy case, including a great mass of correspondence and other records of the Standard Oil company, was reviewed by Arnold at today's hearing of the Truman committee.

Sen. Truman's accusation of "treason" was not supported by Arnold. On the contrary, the government trust buster expressly absolved the company of any desire to give aid to the enemy.

"We believe that the cartel arrangements with Germany are the principal cause of our present shortage of synthetic rubber," he said. "Nevertheless, these arrangements were not entered into with any desire to aid or assist Germany. The sole motive was an attempt on the part of Standard Oil to get a protected market and to eliminate independent competition, and finally to restrict production in world markets in order to maintain that control."

Called 'Unjustified.'

Arnold, however, rejected the company's justification of the cartel arrangement on the ground that it made available to American industry valuable German patents in the chemical field.

"The drastic shortage in critical materials today is proof of how fallacious that justification is," Arnold said. "Further, the story in this case, as well as in other cases, shows that the American concerns do not actually get the benefit of information from hostile countries. They give everything they have and in return only get the privilege of stifling competition."

Under the terms of the agreement, as explained by Arnold, Standard Oil in November, 1929, was given a world monopoly under the oil and synthetic gasoline patents in the common pool, with Germany excepted, and I. G. was given a world monopoly, with the United States not excepted, under all chemical patents, including synthetic rubber. Standard agreed to turn over to I. G. any new chemical processes it might develop, and I. G. agreed to turn over to Standard any discoveries concerning oil and synthetic gasoline.

Make War Agreement.

After war broke out in Europe on Sept. 1, 1939, the parties entered into a new agreement to govern their relations during the war.

According to a letter signed by Walter C. Teagle, chairman of the board of Standard, the new agreement provided that:

"In the event the performance of these agreements should be hereafter restrained or prevented by operation of any existing or future law, or the beneficial interest of either party be alienated by operation of law or governmental authority, the parties should enter into new negotiations."

On Oct. 12, 1939, Frank A. Howard, vice president of Standard, who was in charge of negotiations with I. G. Farben, stated in a letter to his company that he had participated in a series of discussions with I. G. representatives at The Hague, Holland.

Supplies German Needs.

"They delivered to me assignments

Bares Rubber Cartel



[Associated Press Wirephoto.]

Thurman Arnold, chief of the justice department's anti-trust division, tells senate investigators of Standard Oil company (New Jersey) cartel agreement with German trust which is alleged to have been principal cause of synthetic rubber shortage.

of some 2,000 foreign patents and we did our best to work out complete plans for a *modus vivendi* which would operate thru the term of the war, whether or not the United States came in."

Arnold testified that the German synthetic rubber is called buna and is a product of oil and natural gas raw materials. The requirements of the German army and German industry are now supplied by I. G. Farben buna rubber and Germany's production equals her former imports of rubber, Arnold said. This rubber, he said, has freed Germany from the necessity of running the united nations blockade.

Arnold testified that under the terms of the cartel agreement buna should have been made available to Standard, but that as early as 1935 I. G. had refused to yield specific information about it because "the Hitler government" did not regard it to be "of military expediency."

"Stifled" Production in U. S.

This refusal persisted until 1939, when Standard obtained permission, Arnold testified, to negotiate with American rubber companies for the use of buna process. Not only did Standard, in its negotiations, adhere to the restrictions laid down by I. G., but it imposed some of its own, Arnold said, "absolutely stifling" the production of synthetic rubber in this country.

During the same period Standard developed its own synthetic rubber—butyl. Regarding butyl Arnold testified as follows:

"The use of butyl rubber for inner tubes is quite promising basically, since butyl rubber is more impermeable to air than natural rubber."

"Its cost, as estimated by Standard, was between 7 and 15 cents per pound, compared with approximately 20 cents per pound for natural rubber. In addition, it apparently can be used to make an over-all tire. No natural rubber is necessary for the carcass."

Gives Formula to Nazis.

"At the very time that Standard was loyally adhering to the restrictions which I. G. put upon them," Arnold continued, "and when I. G. was refusing to turn over to Standard its buna process, Standard decided that [I quote from a document] 'The best thing from every standpoint' was to pass on to I. G. full

information on Standard's butyl development.

"As a consequence, while the Hitler government, for military reasons, was refusing to make available to this country the German buna rubber, Standard sent to I. G. Farben information as to the American butyl rubber. Thus, full information was sent to I. G. Farben in 1938, but in 1939 Standard failed to disclose full information as to butyl rubber to a representative of our own navy's bureau of construction and repair."

Even after the United States entered the war, Arnold testified, Standard refused to facilitate the development of synthetic rubber by giving samples of butyl to American companies interested in its production.

Available to All Axis.

Altho Standard refused to make butyl available to American companies, the evidence indicated that the process was available not only to Germany but to other axis countries. Arnold cited the following answer made by Standard to an inquiry by an Italian company: "The rights for butyl for Italy are held by the I. G. Farben A. G. of Germany."

A letter signed by an official of the Standard Oil Development company, a Standard subsidiary, dated Jan. 20, 1941, stated that Standard could not "presume inability of I. G. to deliver" to countries outside the British blockade. "It is, therefore necessary to refer South American and Japanese customers to the I. G.," the letter said.

A cablegram from Standard to the Japanese Mitsui firm on Sept. 11, 1939, looked forward to the reestablishment of trade with Japan after its possible suspension by war or other government action. It said:

"Also, we fear United States government in near future may have grounds for action unfavorable to American-Japanese trade, we consider timely for us to organize with Japanese partners whose influence would be valuable later toward our reestablishment after interruptions in our trade."

Convict Dental Laboratory Head of Illegal Practice

South Bend, Ind., March 26 [Special].—Gilbert Sattler, 31 years old, manager of the Parks dental laboratory here, was found guilty of practicing dentistry without a license and fined \$100 by City Judge George A. Schrock today. A 60 day jail sentence was suspended. His wife, charged with aiding him in his illegal practice, was acquitted. Three persons testified they had been sold false teeth in the laboratory.

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